

Message Text

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PAGE 01 THE HA 01830 050744Z
ACTION EUR-12

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FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 2369
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USEC

USOECD

E.O. 11652: N/A
TAGS: EAID, NL
SUBJ: DEVELOPMENT AID SUBSIDIES TO PHILIPS AND WESSANEN

1. THE FOREIGN MINISTRY ANNOUNCED MARCH 30 THAT THE GOVERNMENT HAS AWARDED A 1.67 MILLION-GUILDER (ONE DOLLAR NOW EQUALS 2.16 GUILDERS) SUBSIDY TO PHILIPS TELECOMMUNICATION INDUSTRY TO DEVELOP NEW PRODUCTION ACTIVITIES FOLLOWING THE TRANSFER OF A PRODUCTION PLANT TO MEXICO. A SIMILAR SUBSIDY OF 100,000 GUILDERS HAS BEEN AWARDED TO THE WESSANEN CONCERN, A MAKER OF COCOA. THE AWARD WILL ALLOW WESSANEN TO PURCHASE NEW MACHINERY TO HANDLE COCOA LIQUOR RATHER THAN TRADITIONAL COCOA BEANS. (WESSANEN'S LDC SUPPLIERS HAVE UPGRADED THEIR EXPORTS FROM RAW COCOA BEANS TO THE SEMI-FINISHED COCOA LIQUOR.)

2. PHILIPS WILL USE THE FUNDS TO RESTRUCTURE ITS TRANSMISSION EQUIPMENT PLANT AT HUIZEN AND TO STIMULATE NEW PRODUCTION ACTIVITIES TO PRESERVE JOBS.

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PAGE 02 THE HA 01830 050744Z

3. THE TWO SUBSIDIES ARE MADE FROM A SPECIAL FUND FIRST INCORPORATED IN THE 1975 STATE BUDGET TO HELP FINANCE MEASURES TO RESTRUCTURE COMPANIES IN THE NETHERLANDS WITHIN THE FRAMEWORK OF THE DEVELOPMENT AID EFFORT. SO FAR 12 SUBSIDIES HAVE BEEN PAID FROM THE FUND.

4. COMMENT: THE PROGRAM TO HELP DUTCH INDUSTRIES TO MOVE OUT OF
ACTIVITIES THAT COMPETE WITH INDUSTRY IN LESS DEVELOPED COUNTRIES
HAS NOT BEEN A NOTABLE SUCCESS TO DATE AS THE CURRENT INSTANCES

SUGGEST, HOWEVER, THAT INDUSTRY MAY FINALLY HAVE DISCOVERED
A GOLDEN EGG TO PAY FOR REORGANIZATIONS THEY WOULD HAVE
UNDERTAKEN ANYWAY.
BROWN

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